

# **GENERAL FUND STATUS:**

## **FISCAL 2008 ACTUAL / 2009 BIENNIUM PROJECTED**

A Report Prepared for the  
**Legislative Finance Committee**

By  
**Terry W. Johnson**  
Principal Fiscal Analyst

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**Legislative Fiscal Division**



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## INTRODUCTION

The purpose of this report is to provide the committee with preliminary fiscal 2008 ending fund balance data for the general fund account. Although the revenue and disbursement data for the account have been finalized on the Statewide Accounting, Budgeting, and Human Resource System (SABHRS), the Generally Accepted Accounting Principles (GAAP) balance shown in this report reflects only the adjustments made to date by the Department of Administration (DOA). The general fund account has not yet been audited by the Legislative Auditor, as the audited balance is normally finalized in late fall.

This report provides a comparison between budgeted data as developed by the 60<sup>th</sup> Legislature and what actually occurred in fiscal 2008. It also provides aggregate information on revenue estimates and collections, disbursements and reversions, and an updated fund balance statement for the 2009 biennium including actions by the September 2007 Special Legislative Session. A more detailed analysis of revenue trends and the implications for the current and subsequent biennia is currently underway by Legislative Fiscal Division (LFD) staff. This information is summarized in the "Big Picture Report" scheduled to be presented to the Legislative Finance Committee (LFC) on October 9 after this report. The "Big Picture Report" is intended to provide a broad overview of the scope of present law fiscal issues the legislature may face in the 2009 session, and the starting point, or benchmark, for crafting the 2011 biennium budget priorities. These projections will be based on "broad brush" general assumptions of revenue and disbursement patterns from the most current available information, and will be refined as staff undertakes detailed revenue estimation and budget analysis in preparation for the 2009 legislative session.

## FUND BALANCE DISCUSSION

The general fund account GAAP balance at the end of fiscal 2008 was projected to be \$190.7 million. This estimate was based on House Joint Resolution 2 (HJ 2) revenue estimates (60<sup>th</sup> Regular Legislative Session) and disbursement budgets adopted during the 60<sup>th</sup> regular and May and September special legislative sessions<sup>1</sup>. Total revenues were expected to be less than total disbursements by approximately \$361.0 million.

As shown in Figure 1, the preliminary general fund account unreserved, undesignated balance for fiscal year 2008 was \$437.7 million, or \$246.9 million above the level anticipated by the 60<sup>th</sup> Legislature. Figure 1 also shows the differences between budgeted and actual amounts for aggregate revenues, disbursements, and other adjustments.

It should be noted that the preliminary general fund balance for fiscal 2008 shown in Figure 1 includes the impacts of the fiscal policy "triggers" enacted during the May Special Legislative Session. The impacts of these triggers are also shown in the 2009 biennium section of the report. Figure 1 also includes an accounting coding error that occurred during fiscal 2007. This error was corrected and is included in the fiscal 2008 records as a prior year revenue adjustment.

Figure 1

General Fund Account				
Fiscal 2008 Budgeted Versus Actual				
Fund Balance Detail				
	Budgeted	Actual	Over (Under)	Diff.
	Amount *	Fiscal 2008	Estimate	Percent
Beginning Balance	\$543,542,000	543,541,869	(\$131)	0.00%
General Fund Receipts	1,769,903,000	1,953,539,835	183,636,835	10.38%
Residual Equity Transfers	0	0	0	na
Total Revenue	\$1,769,903,000	\$1,953,539,835	\$183,636,835	10.38%
General Fund Disbursements	2,130,948,000	2,069,045,295	(\$61,902,705)	-2.90%
Non-Budgeted Disbursements	0	0	0	na
Total Disbursements	\$2,130,948,000	\$2,069,045,295	(\$61,902,705)	-2.90%
Prior Year Rev. Adjustments	8,232,000	8,756,428	524,428	6.37%
Prior Year Exp. Adjustments	0	827,392	827,392	na
Other Adjustments	0	57,286	57,286	na
Total Adjustments	\$8,232,000	\$9,641,106	\$1,409,106	17.12%
Ending Balance (Preliminary)	\$190,729,000	\$437,677,515	\$246,948,515	129.48%
* Legislative Fiscal Report, Special Session September 2007				

<sup>1</sup>Legislative Fiscal Report, September 2007 Special Legislative Session

## REASONS FOR DIFFERENCES

### REVENUE ESTIMATES AND COLLECTIONS

Column 2 of Figure 2 shows the fiscal 2008 revenue estimates for the general fund account as shown in HJ 2 during the 2007 regular legislative session including adjustments for enacted legislation. The adjacent columns in the table show actual collections, the amount collections were over or (under) the estimate, the percent difference, and the contribution percent. The contribution percent signifies the importance of each revenue component to the general fund account. For example, individual income taxes were 44.2 percent of the total general fund collections, while wine taxes accounted for only 0.09 percent during fiscal 2008. This column of information shows that about 76.2 percent of general fund revenue collections in fiscal 2008 came from individual (44.2%), property (10.5%), corporate (8.2%), oil and gas production (7.6%), and vehicle (5.7%) taxes.

Figure 2

General Fund Receipts By Major Component					
Fiscal 2008					
Revenue Category	Estimated 2008 Receipts *	Actual 2008 Receipts	Over(Under) Estimate	Percent Difference	Contribution Percent
GF0100 Drivers License Fee	\$3,952,000	\$3,865,872	(\$86,128)	-2.18%	0.20%
GF0200 Insurance Tax	62,121,000	64,003,987	1,882,987	3.03%	3.26%
GF0300 Investment Licenses	6,451,000	6,513,962	62,962	0.98%	0.33%
GFxxxx Vehicle Fee/Tax	118,635,000	112,487,931	(6,147,069)	-5.18%	5.73%
GF0600 Nursing Facilities Fee	5,781,000	5,610,099	(170,901)	-2.96%	0.29%
GF0700 Beer Tax	2,965,000	3,124,238	159,238	5.37%	0.16%
GF0800 Cigarette Tax	33,843,000	36,004,249	2,161,249	6.39%	1.83%
GF0900 Coal Severance Tax	9,864,000	11,894,408	2,030,408	20.58%	0.61%
GF1000 Corporation Tax	161,271,000	160,341,787	(929,213)	-0.58%	8.17%
GF1100 Electrical Energy Tax	4,798,000	5,179,013	381,013	7.94%	0.26%
GF1150 Wholesale Energy Trans Tax	3,827,000	3,856,112	29,112	0.76%	0.20%
GF1200 Railroad Car Tax	1,567,000	2,063,981	496,981	31.72%	0.11%
GF1300 Individual Income Tax	766,566,000	866,658,538	100,092,538	13.06%	44.17%
GF1400 Inheritance Tax	310,000	122,148	(187,852)	-60.60%	0.01%
GF1500 Metal Mines Tax	9,613,000	10,774,242	1,161,242	12.08%	0.55%
GF1700 Oil Severance Tax	101,235,000	149,993,826	48,758,826	48.16%	7.64%
GF1800 Public Contractor's Tax	3,417,000	5,062,659	1,645,659	48.16%	0.26%
GF1850 Rental Car Sales Tax	3,000,000	3,157,239	157,239	5.24%	0.16%
GFxxxx Property Tax	198,117,000	205,043,752	6,926,752	3.50%	10.45%
GF2150 Lodging Facilities Sales Tax	11,881,000	13,389,534	1,508,534	12.70%	0.68%
GF2250 Retail Telecom Excise Tax	21,298,000	22,350,323	1,052,323	4.94%	1.14%
GF2300 Tobacco Tax	4,385,000	4,698,888	313,888	7.16%	0.24%
GF2400 Video Gaming Tax	63,649,000	63,134,000	(\$515,000)	-0.81%	3.22%
GF2500 Wine Tax	1,798,000	1,829,311	31,311	1.74%	0.09%
GF2600 Institution Reimbursements	13,507,000	15,334,683	1,827,683	13.53%	0.78%
GF2650 Highway Patrol Fines	4,974,000	4,049,390	(924,611)	-18.59%	0.21%
GF2700 TCA Interest Earnings	21,546,000	30,782,748	9,236,748	42.87%	1.57%
GF2900 Liquor Excise Tax	14,573,000	14,925,057	352,057	2.42%	0.76%
GF3000 Liquor Profits	7,907,000	8,775,000	868,000	10.98%	0.45%
GF3100 Coal Trust Interest Earnings	29,916,000	28,854,611	(1,061,389)	-3.55%	1.47%
GF3300 Lottery Profits	8,794,000	11,028,563	2,234,563	25.41%	0.56%
GF3450 Tobacco Settlement	3,855,000	3,807,570	(47,430)	-1.23%	0.19%
GF3500 U.S. Mineral Leasing	31,694,000	36,388,559	4,694,559	14.81%	1.85%
GF3600 All Other Revenue	32,793,000	38,433,555	5,640,555	17.20%	1.96%
Total Current Year Revenue	\$1,769,903,000	\$1,953,539,835	\$183,636,835	10.38%	99.55%
Prior Year Adjustments	8,232,000	8,756,428	524,428	6.37%	0.45%
Residual Equity Transfers	0	0	0		0.00%
Total Revenue	\$1,778,135,000	\$1,962,296,263	\$184,161,263	10.36%	100.00%

\* House Joint Resolution 2 Regular Session revenue estimates as adjusted for enacted legislation.

At the bottom of Figure 2, prior year adjustments and residual equity transfers are shown, providing a complete picture of the total revenue flow to the account.

Figure 3 shows aggregate revenue estimates and collections for the general fund account. The 60th Legislature used a total fiscal 2008 general fund account revenue estimate of \$1,769.9 million. The Legislature assumed prior year revenue adjustments of \$8.2 million but did not anticipate any residual equity transfers. Total collections (including adjustments and transfers) were \$1,962.3 million or \$184.2 million (10.4 percent) above the estimated amounts.

**Figure 3**

<b>General Fund Revenue Recap</b>					
<b>Fiscal 2008</b>					
Account	Revenue Category	Estimated Receipts	Fiscal 2008 Receipts	Over (Under) Estimate	Diff. Percent
01100	General Fund Receipts*	\$1,769,903,000	\$1,953,539,835	\$183,636,835	10.38%
---	Prior Year Adjustments	8,232,000	8,756,428	524,428	6.37%
---	Residual Equity Transfers	0	0	0	
	Totals After Adj. & Trsf.	\$1,778,135,000	\$1,962,296,263	\$184,161,263	10.36%

\* House Joint Resolution 2 Regular Session revenue estimates adjusted for enacted legislation.

Total current year revenue collections (before prior year revenue adjustments) were \$183.6 million above the amount anticipated by the 60th Legislature. The legislature did not include any prior year revenue adjustments in HJ 2 but the \$8.2 million shown in Figure 3 was included as an aggregate amount in the general fund balance sheet. Since this type of revenue is the result of revenue accruals and/or uncollected previous years' receipts, it is difficult to include an estimated amount by revenue source in the revenue estimate resolution. As shown in Figures 2 and 3, however, prior year revenue adjustments were \$8.8 million. Most of this adjustment (\$8.2 million) was due to an accounting error made in fiscal 2007 that was corrected in fiscal 2008 as a prior year revenue adjustment. The remaining adjustments were primarily due to actual revenues received in July and August of fiscal 2008 being different than the accrued amounts booked during fiscal year end 2007.

Figure 4 summarizes which major sources of revenue exceeded or were below the adjusted HJ 2 revenue estimate and provides a brief explanation of why collections were different than anticipated. As shown, individual income taxes and oil and natural gas production taxes were the primary sources responsible for increased revenue collections. Over 81 percent of the additional revenue came from these two sources. From an economic viewpoint, strong employment growth, higher commodity prices, and larger investable balances were the "drivers" behind the improved revenue condition. The next section of the report provides a brief explanation for the change in collections when compared to the HJ 2 adjusted estimates.

**Figure 4**

<b>Reasons for Changed Revenue Receipts</b>			
<b>Fiscal 2008 (In Millions)</b>			
Revenue Source	Amount	% of Total	Preliminary Explanation
Individual Income Tax	\$100.1	54.5%	Wage & non-wage income growth
Oil & Natural Gas Production Tax	48.8	26.6%	Commodity price
TCA Investment Earnings	9.2	5.0%	Investable cash balance
Property Tax	6.9	3.8%	Protested tax, accounting, taxable value
All Other Revenue	5.6	3.1%	Armory sale, transfers-in
U.S. Mineral Leasing	4.7	2.6%	Commodity price
Vehicle Fee/Tax	(6.1)	-3.3%	Unknown
Remaining Revenue Sources	14.4	7.8%	Numerous explanations
Total Change	\$183.6		

### Individual Income Tax - \$100.1 million

Individual income tax collections for fiscal 2008 were \$100.1 million above estimates contained in HJ 2 of the 2008 regular legislative session. This amount represents a 4.8 percent increase above fiscal 2007 collections (see Figure 5). The 60th Legislature assumed the growth rate to be 7.3 percent below the fiscal 2007 amount. Individual income tax collections were expected to decline partly because of tax credits authorized in HB 9 of the May 2007 special session and the additional one percent capital gains credit authorized in SB 407 of the 2003 session.

At this time, it is not totally clear what is causing the continued strength in individual income tax revenue collections. Since almost two-thirds of total income reported on state tax returns is from wage and salary income, a review of this income component may provide some insight. For the estimate shown in HJ 2, the wage and salary growth rate between calendar years 2006 and 2007 was assumed to be 4.9 percent (calendar 2008 data is not complete). According to the Bureau of Economic Analysis (BEA), actual growth was 7.6 percent which is above the assumed rate shown in HJ 2. This statistic indicates that wage and salary income contributed to the increase in

individual income tax collections but that non-wage income components may also have contributed to the unanticipated growth.

Figure 5 shows the accounting details of individual income tax collections for fiscal 2007 compared to fiscal 2008. Withholding taxes, which should be an indicator of wage growth, grew by 9.4 percent – well above the growth in wage and salary income reported by the BEA. This difference could be partially explained by the fact that BEA data are on a calendar year basis and withholding taxes are reported on a fiscal year basis. Figure 5 also shows that estimated and current year payments are above last

year's amount by 7.3 percent and 0.5 percent, respectively. Estimated payments, and to some degree current year payments, reflect tax liability on non-wage components of income. Some examples of these components are interest earnings, dividends, capital gains/losses, royalties, and net business income. Since

estimated and current year payments are up, it would be reasonable to expect one or several of the non-wage components of income to be above the estimates contained in HJ 2. Reported amounts on these components of income will not be available until late October or early November 2008 when the Department of Revenue (DOR) provides our office with return data for tax year 2007.

Since the unanticipated increase in tax collections is significant, it is unrealistic to assume that only one reason may be causing the surge in collections. The following is a list of potential explanations for the higher than anticipated individual income tax collections:

- High natural resource prices have created strong employment which has resulted in additional wage and salary income
- Land and other real estate sales have produced large capital gains
- Oil and natural gas prices were at historic high levels. Royalty incomes have been up significantly
- The agriculture industry has experienced strong commodity prices. The residual impact to businesses may have been significant
- DOR audit efforts as reflected in Figure 5

## Oil & Natural Gas Production Tax - \$48.8 million

Oil and natural gas production taxes for fiscal 2008 were \$48.8 million higher than anticipated in the HJ 2 estimate. At this time, limited data are available to determine the exact reason for the increased collections. Preliminary data from the Energy Information Administration, however, indicate that Montana's average wellhead oil price was \$89.04 per barrel during fiscal 2008. The assumed price contained in HJ 2 was \$51.60 per barrel. This price differential alone could be the primary reason for the increased collections. Tax return data submitted to the DOR will be available later this fall for further analysis. This data will provide specific information on price and production for both oil and natural gas.

## TCA Investment Earnings - 9.2 million

Investment earnings in fiscal 2008 from the treasury cash account exceeded the HJ 2 estimate by \$9.2 million. The HJ 2 estimate was based on an average daily invested balance of \$468.6 million assuming an average yield of 4.7 percent. The actual average balance was \$750.8 million, earning an average yield of 4.1 percent. A higher ending fund balance for fiscal 2007 plus stronger revenue growth in fiscal 2008 contributed to the higher investable balance.

Figure 5

Individual Income Tax Comparison				
Revenue Code & Description	Final Fiscal 2007	Final Fiscal 2008	Difference	Percent Change
510101 Withholding Tax	596,403,243.53	657,958,557.77	61,555,314.24	9.36%
510102 Estimated Tax	232,430,480.29	250,705,012.40	18,274,532.11	7.29%
510103 Current Year I/T	181,338,053.66	182,219,742.98	881,689.32	0.48%
510105 Income Tax - Audit Collections	25,475,125.33	30,636,653.00	5,161,527.67	16.85%
510106 Income Tax Refunds	(208,501,405.10)	(254,861,428.26)	(46,360,023.16)	18.19%
Totals	\$827,145,497.71	\$866,658,537.89	\$39,513,040.18	4.78%

**Property Tax - \$6.9 million**

Property tax revenues for fiscal 2008 were \$6.9 million more than anticipated in the HJ 2 adjusted estimate. This additional revenue was due to the resolution of the protested tax issue with PPL Montana, LLC (\$2.3 million), accounting procedure changes dealing with local government reimbursements recommended by the Legislative Auditor (\$1.4 million additional revenue but also \$1.4 million additional expenditures), and higher than anticipated statewide taxable values and non-levy revenue (\$3.2 million).

**All Other Revenue - \$5.6 million**

The difference of \$5.6 million in the category of “All Other Revenue” above the HJ 2 estimate for fiscal 2008 is due to the net of individual increases and decreases. Unanticipated increases were \$3.5 million from the sale of the Missoula armory (the sale was expected in fiscal 2007), a \$2.4 million transfer authorized in HB 4 (May special session) if federal funding was obtained for the readiness center at Miles City, \$1.8 million transfer from the federal Jobs and Growth Tax Relief Act account, \$0.9 million of cigarette tax revenue transferred from the veterans account, \$0.5 million of banking fee reimbursements deposited by the Board of Investments, \$0.5 million more in court surcharge fees, and \$0.4 million in bentonite taxes and civil fines. Unanticipated decreases were \$4.0 million of health insurance credits which were deposited as individual income tax revenue, and \$0.4 million of statewide cost allocation plan revenues.

**U.S. Mineral Leasing - \$4.7 million**

U.S. mineral leasing revenues for fiscal 2008 were \$4.7 million higher than anticipated in the HJ 2 adjusted estimate. As with oil and natural gas production taxes, higher oil prices could be the primary reason for the increased collections. Data to be received later this fall from the federal Mineral Management Service should help explain any other reasons for the revenue collection variation.

**Vehicle Fee/Tax - (\$6.1) million**

Vehicle fee and tax collections were two of the major general fund revenue sources below the HJ 2 adjusted estimate. Combined revenue collections from vehicle fees and taxes were \$6.1 million less than anticipated in HJ 2. The exact reason for this shortfall is unknown at this time. Higher fuel prices and the reluctance of consumers to purchase new vehicles may have impacted revenue collections. Further research will be required to isolate the specific reasons for the revenue decline.

**Remaining Revenue Sources - \$14.4 million**

The combined change from the HJ 2 estimates for the remaining revenue sources is \$14.4 million. Some revenue sources were above the HJ 2 estimate while others were below the estimate. In total, the net change was \$14.4 million more than anticipated.

**DISBURSEMENTS AND REVERSIONS**

Figure 6 shows general fund account disbursements and reversions for fiscal 2008. General fund disbursements (excluding prior year disbursement adjustments) were \$65.1 million less than authorized by the legislature. Since total reversions budgeted by the 60<sup>th</sup> Legislature were \$ 3.2 million, “unanticipated” reversions before adjusting for continuing authority were \$61.9 million. Of this amount, \$51.7 million is authorized to be re-established (continued) into fiscal 2009. This means that the “true” unanticipated reversion amount was \$9.1 million after deducting the anticipated continuing authority of \$1.1 million.

Figure 6

<b>General Fund Account Disbursements and Reversions Fiscal 2008</b>	
Budgeted Disbursements	\$2,134,152,000
Actual Disbursements	<u>2,069,045,295</u>
Total Reversions	\$65,106,705
Budgeted Reversions	<u>(3,204,000)</u>
Unanticipated Reversions	\$61,902,705
Less Anticipated Continuing Authority	1,140,000
Less Continuing Authority (Impacts Fiscal 2009)	<u>51,710,049</u>
Total Net Reversions	\$9,052,656

The primary agencies with significant reversions were the Department of Public Health and Human Services, Department of Corrections, and Judiciary.

## FUND BALANCE ADJUSTMENTS

During fiscal 2008, there were prior year revenue and disbursement adjustments, direct adjustments to fund balance, and SABHRS to GAAP reconciliation items. In total, these adjustments increased the general fund account ending fund balance by about \$9.6 million or \$1.4 million more than anticipated by the legislature (shown in Figure 1). Most of this adjustment (\$8.2

million) was due to an accounting error made in fiscal 2007 that was corrected in fiscal 2008 as a prior year revenue adjustment.

## SUMMARY OF FISCAL 2008 INFORMATION

As stated earlier, the preliminary general fund account unreserved, undesignated ending balance for fiscal 2008 is \$437.7 million, or \$246.9 million above the level anticipated by the 60th Legislature. The reasons, as previously discussed, are summarized in Figure 7.

Although Figure 7 shows a general fund balance improvement for fiscal 2008 of \$246.9 million it should be noted that \$51.7 million of this balance is “reestablished” to be expended in fiscal 2009. This reauthorization occurs whenever appropriations are specified for the biennium in HB 2 and other appropriation acts. Of the total fund balance change, revenue collections contributed 74.3 percent of the improvement while unexpended appropriation authority accounted for 25.1 percent. Fund balance adjustments were 0.6 percent of the change.

Figure 7

<b>Reasons for General Fund Balance Change Fiscal 2008 (In Millions)</b>		
Explanation of Fund Balance Change	Amount	% of Total
Beginning Fund balance	\$0.0	0.0%
Revenue Collections (Actual - Estimated)	183.6	74.4%
Disbursements (Budgeted - Actual)	61.9	25.1%
Fund Balance Adjustments	<u>1.4</u>	0.6%
Prior Year Revenue/Expenditure Adjustments	1.3	
Other Adjustments	0.1	
<b>Total Change</b>	<b>\$246.9</b>	

## 2009 BIENNIUM PROJECTION

Figure 8 shows the projected general fund balance for the 2009 biennium. Amounts shown include revised LFD revenue estimate recommendations for fiscal 2009 and the cost of operating state government based on appropriations adopted by the 60<sup>th</sup> Legislature during the regular and special legislative sessions. Also included in this figure are estimated amounts by LFD staff for statutory appropriations, budgeted transfers, and reversions.

As Figure 8 shows, the 2009 biennium ending general fund balance is projected to be \$483.3 million or \$358.2 million more than budgeted by the 60<sup>th</sup> Legislature. It should be noted that this balance is based on no supplemental appropriations for fiscal 2009 but does include \$16.5 million for emergency appropriations. Figure 8a shows the reasons for the unanticipated change in the 2009 biennium projected balance.

Of the total fund balance change, revenue collections contributed 83.8 percent of the improvement while unexpended appropriation authority accounted for 6.6 percent. Fund balance adjustments were 9.6 percent of the change. Included in the adjustment amount is an estimated \$32.9 million transfer from the fire suppression fund to the general fund at the end of fiscal 2009. This transfer is in accordance with the sunset provisions of HB 3 of the September 2007 special legislative session and takes into account the costs of this past summer fire season.

Figure 8

2009 Biennium General Fund Balance In Millions	
<b>Beginning Fund Balance</b>	<b>\$543.5</b>
<b>Revenues</b>	<b>3,945.4</b>
<b>Available Funds</b>	<b>\$4,489.0</b>
<b>Disbursements</b>	
General Appropriations	3,356.5
Statutory Appropriations	427.9
Transfers	272.7
Continuing/Other Appropriations	51.7
Supplementals	0.0
Session Costs	8.9
Reversions	(69.5)
<b>Totals Disbursements</b>	<b>4,048.2</b>
<b>Adjustments</b>	<b>42.6</b>
<b>Ending Fund Balance</b>	<b>\$483.3</b>

Figure 8a

Reasons for General Fund Balance Change 2009 Biennium (In Millions)		
Explanation of Fund Balance Change	Amount	% of Total
Beginning Fund balance	\$0.0	0.0%
Revenue Collections (Actual - Estimated)	300.1	83.8%
Disbursements (Budgeted - Actual)	23.8	6.6%
Fund Balance Adjustments	34.3	9.6%
<b>Total Change</b>	<b>\$358.2</b>	

## DETAILED GENERAL FUND BALANCE

Figure 9 shows the detailed general fund balance sheet by fiscal year based on budgeted revenues and disbursements. Because the financial impacts of the “trigger” mechanisms contained in HB 2

(general appropriations act) and HB 9 (\$400 tax rebate) adopted during the May 2007 Special Session were based on fiscal 2007 actual revenues, Figures 8 and 9 include the financial impacts of these policy initiatives.

HB 2 appropriated up to \$30.0 million to the Office of Public Instruction for distribution to schools for capital investment and deferred maintenance payments. This appropriation was contingent upon fiscal 2007 revenues exceeding \$1,762,355,000. Based on a letter of certification from the Department of Administration, total general fund revenues in fiscal 2007 were \$1,838,053,331. Therefore, the maximum amount of \$30.0 million was appropriated to the Office of Public Instruction in **fiscal 2008** for distribution to public schools.

HB 9 contained a similar “trigger” except that the available funds were for tax credits to be claimed on individual income tax returns. This trigger was based on fiscal 2007 general fund revenues exceeding \$1,802,000,000. As stated above, the certified revenue amount was about \$1.838 billion which was \$36 million (when rounded to the nearest million) more than the trigger amount. In aggregate, taxpayers should have received \$36 million in tax credits that were authorized to be claimed on their 2007 tax returns. The reduction in individual income tax revenues was expected in **fiscal 2008**. Individual taxpayers received \$140 in tax credits provided a claim was shown on their return.



Figure 9

<b>2009 Biennium General Fund Balance</b> <b>Action By the 60th Legislature With Preliminary Fiscal 2008 &amp; Revised Fiscal 2009 Estimates</b> <b>In Millions</b>						
	Actual Fiscal 2006	Actual Fiscal 2007	Preliminary Fiscal 2008	Estimated Fiscal 2009	Actual 2007 Biennium	Estimated 2009 Biennium
<b>Beginning Fund Balance</b>	<b>\$299.792</b>	<b>\$422.210</b>	<b>\$543.542</b>	<b>\$437.678</b>	<b>\$299.792</b>	<b>\$543.542</b>
<b>Revenues</b>						
Current Law Revenue	1,708.166	1,829.872	1,953.540	1,991.894	3,538.038	3,945.434
Legislation Impacts	-	-	-	-	-	-
<b>Total Revenue</b>	<b>\$1,708.166</b>	<b>\$1,829.872</b>	<b>\$1,953.540</b>	<b>\$1,991.894</b>	<b>\$3,538.038</b>	<b>\$3,945.434</b>
<b>Total Funds Available</b>	<b>\$2,007.958</b>	<b>\$2,252.082</b>	<b>\$2,497.082</b>	<b>\$2,429.572</b>	<b>\$3,837.830</b>	<b>\$4,488.976</b>
<b>Disbursements</b>						
General Appropriations	1,441.188	1,566.962	1,705.128	1,651.343	3,008.150	3,356.471
Statutory Appropriations	120.226	149.222	262.666	165.236	269.448	427.902
Miscellaneous Appropriations	1.521	-	-	1.212	1.521	1.212
Non-Budgeted Transfers	24.277	42.822	166.358	106.371	67.099	272.729
Continuing Appropriations	-	-	-	50.448	-	50.448
Supplemental Appropriations	-	-	-	-	-	-
Language Appropriations	0.706	-	-	0.050	0.706	0.050
Feed Bill Appropriations	-	-	-	8.862	-	8.862
Carryforward Appropriations	-	-	-	-	-	-
Anticipated Reversions	(21.179)	(58.233)	(65.107)	(4.344)	(79.412)	(69.451)
<b>Total Disbursements</b>	<b>\$1,566.739</b>	<b>\$1,700.773</b>	<b>\$2,069.045</b>	<b>\$1,979.179</b>	<b>\$3,267.512</b>	<b>\$4,048.224</b>
<b>Adjustments</b>	(19.009)	(7.767)	9.641	32.915	(26.776)	42.556
<b>Reserved Ending Fund Balance</b>	<b>\$422.210</b>	<b>\$543.542</b>	<b>\$437.678</b>	<b>\$483.309</b>	<b>\$543.542</b>	<b>\$483.309</b>
<b>Unreserved Ending Fund Balance</b>	<b>\$422.210</b>	<b>\$543.542</b>	<b>\$437.678</b>	<b>\$483.309</b>	<b>\$543.542</b>	<b>\$483.309</b>